A 42.82/2:St2/1989

ASCS Commodity Fact Sheet

EXTRA LONG STAPLE COTTON

Summary of 1989 Support Program and Related Information

P 89 438

United States Department of Agriculture

Agricultural Stabilization and Conservation Service

US Docs

June 1989

JUL 31 1989

New York State Library

LEGISLATIVE AUTHORITY

The Extra Long Staple Cotton Act of 1983, as amended by the Food Security Act of 1985, the Omnibus Budget Reconciliation Act of 1987 and P.L. 100-331.

Extra long staple (ELS) cotton is grown in certain designated counties in Arizona, California, Mississippi, New Mexico, and Texas. The only type of ELS cotton currently grown is American-Pima, although the program applies also to Sea Island and Sealand cottons which have been grown in the past in Florida and Georgia.

ACREAGE BASES

The 1989 acreage base is the average acreage planted to ELS cotton in 1985, 1986, and 1987. Planted acreage will include acreage prevented from planting due to conditions beyond the control of the producer. On farms that have been following a definite crop rotation program, the acreage base will reflect rotations.

ACREAGE REDUCTION PROGRAM

An acreage reduction program (ARP) is in effect for the 1989 ELS cotton crop. To participate, farmers must reduce their acreage of ELS cotton planted for harvest by at least 5 percent from their established acreage bases. A number of acres equal to 5.26 percent of the planted acres must be devoted to approved conservation uses--referred to as acreage conservation reserve (ACR) acreage. Participation is voluntary, but only farmers who take part in the ARP will be eligible for target price protection and price support loans.

Neither offsetting compliance nor cross compliance will be required. This means that farmers owning or operating more than one farm will not be required to participate on all farms in order to obtain program benefits on participating farms. Also, participation in the ELS program is not required to qualify for program benefits on other crops grown on the farm. However, because ELS cotton is exempt from limited cross compliance, production of ELS above the established farm base is permitted, but this cannot result in an increase in the total crop acreage base on the farm. In addition, the 1983 law provides that national program acreages, allocation factors, and voluntary reduction provisions are not applicable when acreage reduction programs are in effect.

PAID LAND DIVERSION

No paid land diversion will be in effect for the 1989 crop.

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ACREAGE CONSERVATION RESERVE ACREAGE

Land designated as ACR acreage must have been devoted to small grain or row crops in at least two of the three preceding years, except for summer fallow rotations, for which the requirement is one of the two preceding years. ACR must be protected from weeds and wind and water erosion. Acreage designated as ACR is considered planted in the year designated.

USE OF ACR

State ASC committees may approve grazing on ACR, except during any five consecutive month period during the seven month period April 1 - October 31 as designated by the committee. Haying of ACR will not be permitted except under emergency conditions unless it is determined that, based upon information submitted by a State ASC committee, haying will not result in an adverse economic effect in the State. Production of crops will not be permitted on ACR.

LOAN RATE

The national average loan level for the 1989 crop is 81.77 cents per pound, 85 percent of the simple average price received by ELS producers during 3 years of the 5-year period ending July 31, 1988, excluding the high and low years.

Loans will be available through county ASCS offices and approved cotton cooperatives through May 31, 1990, to producers who comply with the 5 percent ARP. Loans for each individual quality will follow the schedule of loan rates applicable to each quality.

The term of the loan will be 10 months from the first day of the month in which the loan is made. When authorized by the Secretary, producers will have the option, during the tenth month, of extending the loan for another eight months. Loan amounts will be reduced for any unpaid storage charges in excess of 60 days.

SEED COTTON LOANS

Recourse loans will be available on seed cotton, based on the estimated quality and quantity of cotton lint in each lot of seed cotton. The loan rate will be the 1989 loan rate for warehouse-stored lint of the same quality in the county where the seed cotton is stored. The full dollar value of all loans on 1989-crop seed cotton must be repaid by May 31, 1990.

TARGET PRICE

The target price for 1989-crop ELS cotton is 96.7 cents per pound, 118.3 percent of the loan rate.

DEFICIENCY PAYMENTS

If the average market price received by farmers during the first eight months of the 1989-90 marketing year is at or above the target price, no deficiency payments will be made.

If the eight-month average market price is below the target price, eligible producers will receive payments at a rate equal to the difference between the target price and the higher of the loan level or such average market price.

Any payment due will be made after May 15, 1990.

FARM PAYMENT YIELDS

Farm payment yields are based on the actual yield per harvested acre in the three immediately preceding years, adjusted for abnormal yields resulting from conditions beyond the control of the producer. For 1989, any yield in the three-year period that was reduced because of abnormal conditions can be adjusted up to the average of the four highest in the last five years. Generally, the 1989 program yield cannot be less than 80 percent of the 1988 program yield.

SKIP-ROW PROVISIONS

Skip-row planting provisions for the 1989 crop will be the same as for the 1988 crop. The general rule is that only the land actually planted to cotton is counted as cotton land in determining compliance with program provisions. Skips between rows can be counted as ACR acreage if equal to at least four normal rows. If a producer's normal rows are less than 32 inches, a minimum of four 32-inch rows must be skipped for a total of not less than 160 inches plant-to-plant.

PAYMENT LIMITATION

The total of deficiency and diversion payments a person can receive under a combination of the rice, wheat, feed grains, upland cotton and ELS cotton programs is limited to $50,000 per person. In addition, the total of the following payments, combined with the total deficiency and diversion payments, is limited to $250,000 per person: (1) disaster payments, (2) any gain realized by repaying a loan at a lower level than the original loan level, including loans for honey or any other commodity, (3) any deficiency payment for a crop of wheat or feed grains attributable to a reduction in the statutory loan level, (4) any loan deficiency payment, (5) any inventory reduction payment, and (6) any payment representing compensation for resource adjustment (other than diversion payments) or public access for recreation. Excluded from the limitation are price support loans, upland cotton first handler certificate payments, and rice marketing certificate payments.

Producers whose deficiency and diversion payments are estimated to be reduced by the payment limitation are eligible to have their required ACR acres under the ARP decreased proportionate to the reduction in payments. The reduced ACR acres can then be planted to an alternative crop.

DIVISION OF PAYMENTS

Payments must be divided as the crops or proceeds are divided (or would have been divided if the crops had been produced).

CCC DOMESTIC SALES POLICY

The 1983 ELS Cotton Act permits the sale of CCC-owned ELS cotton at price levels the Secretary determines appropriate to maintain and expand domestic and export markets.

This Program or Activity Will Be Conducted on a Nondiscriminatory Basis Without Regard to Race, Color, Religion, National Origin, Age, Sex, Marital Status, or Disability.

EXTRA LONG STAPLE COTTON: SUMMARY OF BASIC DATA

CROP YEAR	ACREAGE ALLOTMENT	PLANTED ACREAGE	HARVESTED ACREAGE	YIELD PER HARVESTED ACRE	PRODUCTION	IMPORTS	DOMESTIC USE
	----------	1,000 acres	----------	lbs/acre	----------	1,000 bales*	----------
1955	46.2	43.7	41.1	500	43	84	129
1956	45.3	43.7	41.3	583	50	93	114
1957	89.4	84.5	80.8	485	82	45	101
1958	83.3	79.6	76.2	525	83	86	110
1959	70.8	67.9	65.9	513	70	83	138
1960	64.8	62.7	60.2	535	67	86	149
1961	63.7	61.9	59.4	503	62	84	173
1962	100.3	96.3	93.6	576	112	82	163
1963	149.9	143.8	139.8	562	164	81	142
1964	112.5	110.3	107.1	536	120	83	154
1965	77.8	77.3	74.8	563	88	88	142
1966	81.4	80.1	78.0	447	72	76	136
1967	70.5	68.5	66.4	502	69	91	129
1968	70.5	68.4	67.0	565	79	30	128
1969	79.7	77.6	75.3	493	77	22	113
1970	78.4	75.9	74.5	369	57	26	99
1971	117.8	102.3	101.0	466	98	30	96
1972	117.8	98.0	95.8	480	96	11	99
1973	117.7	84.6	83.1	451	78	21	88
1974	117.7	83.5	82.3	526	90	10	63
1975	91.2	69.2	65.9	397	55	56	90
1976	83.7	45.5	44.4	692	64	19	79
1977	120.0	75.1	74.4	724	112	4	67
1978	92.4	77.5	76.0	590	93	2	66
1979	115.0	90.7	89.1	531	99	1	65
1980	131.7	72.5	71.7	698	104	1	64
1981	150.2	58.6	58.0	659	80	8	48
1982	120.2	70.9	70.5	672	99	8	56
1983	80.1	63.0	62.7	725	95	4	67
1984	--	80.1	79.6	786	130	3	49
1985	--	84.0	83.6	891	155	0	61
1986	--	111.5	111.1	890	206	0	67
1987	--	137.9	136.6	1000	285	0	52
1988	--	187.4 [1]	186.2 [1]	869 [1]	338 [1]	0 [1]	65 [1]
1989							

For statistics for 1933 through 1954, see "Extra Long Staple Cotton Commodity Fact Sheet," dated March 1979.

* 480-lb net weight bales. Marketing year: August 1 - July 31.

(See footnotes, page 6.)

EXTRA LONG STAPLE COTTON: SUMMARY OF BASIC DATA

CROP YEAR	EXPORTS	ENDING CARRY-OVER	NATIONAL AVERAGE PRICE [2]	SUPPORT	AVERAGE FARM PRICE	VALUE OF PRODUCTION	GOV'T PAY-MENTS
	1000 bales*		cents/lb			$1000	
1955	21	133	55.32		53.9	11,073	
1956	61	54	56.70		65.3	15,719	
1957	10	124	59.75		56.9	22,305	
1958	25	156	54.00		54.0	21,593	
1959	2	157	52.95		54.3	18,345	
1960	8	140	53.07		55.1	17,749	
1961	7	92	53.18		60.4	18,066	
1962	3	206	53.18		53.9	29,047	
1963	2	260	53.18		52.6	41,361	
1964	21	269	49.25		49.1	28,193	
1965	6	294	49.25		48.1	20,264	
1966	13	263	49.25		48.7	16,961	
1967	45	205	47.00		47.9	15,990	
1968	9	167	40.00*a*	8.69*b*	48.69*c* [3]	40.7	15,416	3,285
1969	15	116	40.00*a*	8.88*b*	48.88*c*	40.4	15,027	3,300
1970	12	69	40.50*a*	9.29*b*	49.79*c*	43.3	11,886	2,565
1971	9	76	38.40*a*	12.69*b*	51.09*c*	44.8	21,120	4,558
1972	5	68	38.50*a*	12.85*b*	51.35*c*	44.9	20,657	4,745
1973	12	55	38.20*a*	16.01*b*	54.21*c*	87.2	32,694	5,023
1974	12	59	49.72*a*	10.86*b*	60.58c	64.4	27,905	3,838
1975	11	66	67.74*a*	6.36*b*	74.10*c*	78.9	20,653	1,566
1976	5	49	73.24*a*	1.51*b*	74.75c	104.0	31,957	453
1977	25	69	76.70*a*	0*b*	76.70*c*	87.9	47,341	0
1978	30	53	83.20*a*	0*b*	83.20*c*	91.7	41,131	0
1979	52	38	92.95*a*	0*b*	92.95*c*	101.0	47,686	0
1980	33	54	93.50*a*	0*b*	93.50*c* [4]	108.0	53,919	0
1981	12	65	99.00*a*	0*b*	99.00*c*	96.9	37,034	0
1982	13	93	99.89		99.89 [5]	98.5	46,679	0
1983	36	82	96.25		96.25	106.0	47,972	0
1984	90	78	82.50*a*	6.50*b*	99.00*c* [6]	91.9	57,521	747
1985	105	59	85.95*a*	14.14*b*	103.14*c*	90.9	68,394	1,330
1986	114	84	85.40*a*	14.08*b*	102.48*c* [7]	89.6	88,529	2,459
1987	237	53	81.40*a*		97.70*c*	103.7	141,983	0 [1]
1988	275 [1]	40 [1]	80.92*a*		95.70*c*	115.0 [8]	185,257	
1989			81.77*a*		96.70*c*			

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* 480-lb net weight bales. Marketing year: August 1 - July 31.

(See footnotes, page 6)

FOOTNOTES

1. Estimated as of May 1989.
2. Average for all qualities.
3. 1968 through 1979 crops
   (a) Price support loan.
   (b) Price support payment.
   (c) Total support equal to 65 percent of parity.
4. 1980 and 1981 crops
   (a) Price support loan.
   (b) Price support payment.
   (c) Total support equal to 55 percent of parity.
5. 1982 and 1983 crops
   Price support loan rate equal to 175 percent of upland cotton base loan rate. No payments authorized.
6. 1984 and 1985 crops
   (a) Loan rate equal to 150 percent of upland cotton base loan rate.
   (b) Deficiency payment rate equal to difference between the target price and the higher of the average market price received by farmers for the first 8 months of the marketing year or the base loan rate.
   (c) Target price.
7. 1986 through 1989 crops
   (a) Loan rate equal to 85 percent of average price received by ELS producers during 3 years of the immediately preceding 5 year period, excluding the high and low years.
   (b) Deficiency payment rate equal to difference between the target price and the higher of the average market price received by farmers for the first 8 months of the marketing year or the base loan rate.
   (c) Target price.
8. Average farm price August 1988 through December 1988. Farm value based on this price.